

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GRIFFIN INDUSTRIES, INC.)	
COMPLAINANT)	
)	
VS.)	CASE NO. 9593
)	
PENDLETON COUNTY WATER DISTRICT)	
DEFENDANT)	

O R D E R

On April 22, 1986, Griffin Industries, Inc., ("Griffin") filed a complaint with the Commission against Pendleton County Water District ("Pendleton") stating that it has been overcharged for water service since 1981. Griffin states in its complaint that Pendleton had refused to adjust the minimum bill charge of \$3,172 along with the minimum usage allowance of 1.2 million gallons. Griffin's usage has not exceeded 1.2 million gallons since February 1985, and therefore had requested that Pendleton make these adjustments.

These rates were established by the Commission in Case No. 9350, in an Order dated July 18, 1985.

On June 10, 1986, Pendleton responded to Griffin's complaint denying that it had been overcharging Griffin. Pendleton additionally stated that it would be filing an application for an increase in rates with the Commission and requested that the complaint of Griffin be either dismissed or merged into the rate case proceeding.

On July 3, 1986, Pendleton filed an application for construction, financing and an increase in rates, Case No. 9625. For hearing purposes only the Commission consolidated this instant case with Case No. 9625.

In its application in Case No. 9625, Pendleton requested a minimum rate for Griffin based on a monthly minimum usage allowance of 1.2 million gallons.

On September 9, 1986, Pendleton filed with the Commission a proposed settlement agreement reached between it and Griffin. According to the terms of the proposed agreement, Pendleton would receive full payment for water service through July 1, 1986, but thereafter, upon Commission approval, Griffin would be charged a reduced interim rate based on a 400,000 gallon per month minimum usage allowance. This rate would remain in effect during the resolution of the pending rate case of Pendleton (CN 9625).

On September 24, 1986, Pendleton filed an amended petition in Case No. 9625 to reflect the proposed reduction in the minimum usage allowance to Griffin as reached in the above-mentioned settlement agreement. As a result of the agreed-upon decreased minimum usage allowance to Griffin, all proposed rates were increased to offset the reduced revenue that resulted from lowering the Griffin minimum usage allowance.

On November 3, 1986, Griffin filed an objection to Pendleton's September 24, 1986, filing because the proposed rates to Griffin were not the same as the rates in the proposed settlement agreement.

On December 18, 1986, an informal conference between Griffin, Pendleton and Commission staff was held to discuss the settlement agreement and its effect on Pendleton's amended petition. The conference did not yield any satisfactory agreements. On March 3, 1987, a hearing was held in Case Nos. 9593 and 9625 at the Commission's offices in Frankfort, Kentucky. Griffin intervened in this matter.

On April 20, 1987, the Commission issued its Order in Case No. 9625 wherein it granted Pendleton a certificate of public convenience and necessity to proceed with its proposed construction project and approved the financing plan. In addition, the Commission found that an increase in annual revenue of \$95,909 from sales of water was sufficient to pay Pendleton's operating expenses, service its debt and provide a reasonable surplus.

The Commission found that after revealing the usage patterns of Griffin, the proposed 400,000 gallon minimum usage allowance more adequately reflects the actual usage level.

Summary

The Commission, after consideration of the evidence of record, and being advised, is of the opinion and finds that:

1. Pendleton has been charging Griffin rates that were authorized by the Commission; therefore, Griffin has not been overcharged for water service.

2. The proposed settlement agreement was not approved by the Commission.

3. The monthly minimum usage allowance for Griffin was reduced from 1.2 million to 400,000 gallons by the Commission in Case No. 9625.

4. The rates to be charged Griffin are the rates approved by the Commission in Case No. 9625 in an Order dated April 20, 1987.

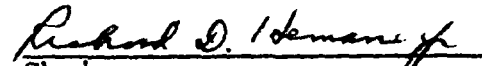
IT IS THEREFORE ORDERED that:

1. The rates to be charged to Griffin are the rates approved in the Commission's Order in Case No. 9625 dated April 20, 1987.

2. This case be and it hereby is dismissed.

Done at Frankfort, Kentucky, this 20th day of April, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director